(b) whether the fertilizer units would have to cough up at least Rs. 1900 crores excess payment made to industry *via* subsidy mechanism;

(c) if so, the amount of subsidy to be recovered from each unit; and

(d) how Government propose to recover this amount from the urea units and to what extent their production would be affected as a result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) Expenditure Reforms Commission has not made any recommendation with regard to phasing out of vintage allowance.

(b) to (d) Retention Price, based on norms/parameters approved for a pricing period in respect of various cost elements and expenses, is paid to urea manufacturing units in terms of the provisons of Retention Price Scheme introduced in November, 1977 and continued thereafter with some modification from time to time.

Vintage allowance of 5% each both in respect of capacity utilisation norm and consumption norm for urea units that had been in operation for ten years or more was introduced during the Vth Pricing Period *w.e.f.* 1.4.1988 as one of the policy parameters within the overall framework of Retention Price Scheme, and was continued for the VIth Pricing Period *i.e.* up to 30.6.1977. Finalization of policy parameters/norms including vintage allowance for the VIIth and VIIIth Pricing Period commencing from 1.7.1997 would be announced after approval of the competent authority. Implementation of the final policy parameters may lead to recovery from some units and payments to some others, based upon the facts of each case. The actual amount of payment/recovery for each unit would depend upon the pricing parameters that are finally approved. Government does not envisage any significant adverse effect on production/availability of urea consequent upon implementation of the final pricing parameters/norms.

Distributiorship of IPCL

5426. SHRI YADLAPATI VENKAT RAO:
SHRI K. KALAVENKATA RAO:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that Indian Petrochemicals Corporation Ltd. (IPCL) offered distributorship for polymers without following prescribed procedures, during the last two years; and

(b) the action proposed to enquired into the matter through the Vigilance Commissioner or CBI?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) Indian Petrochemicals Corporation Limited (IPCL) had issued an advertisement in January, 2001 for appointment of Consignment Agents at different locations in the country. In view of the process of disinvestment of Government's equity in IPCL along with transfer of control of management and market dynamics, IPCL decided not to appoint any new consignment agents. However, considering the competitive business environment and the requirements of the company, it was decided to allow the three existing chemical distributors with proven capability, at Ahmedabad, Delhi and Mumbai to deal in polymer products also initially for a period of one year subject to review. This decision was taken after following the appropriate procedure.

(b) Does not arise.

Increase in prices of medicines

†5427. SHRIMATI SAVITA SHARDA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is fact that Government are considering to increase the prices of medicines;

(b) if so, whether Government would consider not to increase the prices of medicines;

(c) whether Government have any consideration in this regard so far; and

(d) if so, the details thereof and if not, the reasons therefor?

†Original notice of the Question was received in Hindi.